



February 27, 2024

**Testimony of Bryan Dunning  
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**Before the Maryland House of Representatives' Economic Matters Committee  
Regarding House Bill 0864: Energy Efficiency and Conservation Plans**

Dear Chair and Members of the House Economic Matters Committee:

Thank you for the opportunity to testify today on behalf of the Center for Progressive Reform (the Center) in support of HB0864 (HB 864). The Center is a nonprofit research and advocacy organization that is focused on addressing our most pressing societal challenges, including advancing the concerns of historically marginalized communities by centering racial and economic justice in climate policy. For the reasons discussed in the testimony below, the Center requests that this committee issue a **favorable** report on HB 864.

Since its creation in 2008, EmPOWER has been successful in both ensuring access and reduced costs to Maryland residents for energy audits, weatherization, and upgrading to energy efficient appliances. As of 2021, the Maryland Public Services Commission (PSC) determined that EmPOWER has returned approximately \$1.61 dollars in benefits for every \$1 spent on the program, with expected savings of over \$13 billion dollars over the life of installed energy efficiency measures as of 2021.<sup>1</sup> In the same time, energy efficiency improvements from the EmPOWER program have resulted in a reduction of 9.6 million metric tons of carbon dioxide, or their greenhouse gas (GHG) equivalents,<sup>2</sup> representing a meaningful step in achieving Maryland's GHG reduction goals. In addition to cost savings and GHG reductions, EmPOWER also has an important equity element, establishing dedicated funding for EmPOWER upgrades for low-income residents. This provides a means to reduce both the energy costs for, and GHG emissions of those residents, and also to reduce in-home pollution generated by aging, and inefficient, fossil fuel appliances which negatively impact the health of the residents.

HB 864 will bolster the effectiveness of the established benefits that the EmPOWER program has achieved, by making the following important improvements:

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<sup>1</sup> [2021 MD PSC report on EmPOWER Maryland](#)

<sup>2</sup> *Id.*

- Expands sources of funding for the EmPOWER program, notably including funds from the Federal Inflation Reduction Act of 2022 – which includes monies for installation of energy efficient electrical appliances.
- Places a programmatic priority on GHG reduction, including requiring the PSC to achieve an average annual reduction of 1.8% of GHG from direct consumption of electricity and gas from households in 2020, and for the PSC to establish GHG reduction targets for individual utilities.
- Prioritizes GHG reduction occurring “behind the meter”, placing the focus of investments under EmPOWER on home energy efficiency, benefiting ratepayers.
- Improves access to the EmPOWER program by establishing a single point of contact for low- and moderate-income households and requiring that services for those households are offered in any language needed by them.
- Requires the Department of Housing and Community Development (DHCD) to adopt regulation to ensure the focus of EmPOWER weatherization upgrades to leased or rented residence accrues primarily for low-income tenants, and that residents do not suffer a rent-hike or eviction resulting from those upgrades.

HB 864 expands upon the EmPOWER program’s proven effectiveness to reduce both energy costs for Maryland residents, and meaningfully reduce GHG emissions in the state. HB 864 creates clear metrics and targets for GHG reductions achieved through the EmPOWER program and directs the PSC to establish specific reduction targets for utilities. It also prioritizes these reductions as happening behind the meter (e.g. household appliance upgrades), resulting in greater energy savings for ratepayers.

HB 864 has numerous provisions to improve access to EmPOWER programs for low- and middle-income households, and to expand EmPOWER funding for low income households. HB 864 also directs DHCD to provide protections for low-income renters who might be inadvertently harmed by upgrades pricing them out of affordable housing.

Finally, HB 864 includes a requirement that gas and electric companies promote the availability of federal and state rebates, tax credits and incentives for non-fossil fuel energy efficient appliances and upgrades. Coupled with the availability of state and federal funding, particularly the Inflation Reduction Act, this will serve as a meaningful inducement to achieving GHG reductions by promoting the transition from natural gas to electric appliances, particularly energy efficient heat pumps.

### **Considerations for the Committee and the PSC**

Although HB 864 provides meaningful steps to promote the transition from fossil fuel to electric appliances, and requires meaningful GHG reductions, it does not outright preclude the EmPOWER program from continuing to subsidize new energy efficient gas appliances. The Center requests that both the legislature and the PSC consider ending fossil fuel appliance incentives, either through legislation or agency implementation of the EmPOWER program. Doing so meaningfully advances the underlying goals of the EmPOWER program – reducing GHG emissions and ensuring lower costs for ratepayers.

Energy efficient electric appliances are extremely effective at reducing GHG emissions resulting from the building sector and represent a more effective pathway to decarbonization as

compared to new energy efficient fossil fuel appliances.<sup>3</sup> Making this transition to energy efficient electrification is in line with the express language of the Climate Solutions Now Act (CSNA).<sup>4</sup> Further, removing gas subsidies from EmPOWER has been a major recommendation of the Maryland Commission on Climate Change to secure achievement of the CSNA's legislatively mandated GHG reduction goals.<sup>5</sup> Removing gas subsidies from EmPOWER will increase the rate that GHG reduction goals are met, and is inline with agency recommendations and legislative intent.

Continuation of gas subsidies through EmPOWER also places ratepayers who invest in new fossil fuel appliances at risk of spiraling rate costs in future years, as a general transition from gas to electrification is required to meet GHG reduction goals. As ratepayers transition away from gas, the remaining ratepayers reliant on gas systems will have to pay an increasingly greater share of capital expenditures, safety and maintenance, and other charges included in the utility's rate of return, meaning greater utility prices.<sup>6</sup> Given EmPOWER's role in reducing energy cost burdens for ratepayers, the Committee and the PSC should consider ending gas subsidies under the program to protect ratepayers from investing in systems that will face increasing costs over time.

## **Conclusion**

HB 864 creates meaningful improvements to the EmPOWER program, and represents a way to achieve GHG reduction in Maryland, continue to lower energy costs for ratepayers, and improve on the equitable considerations of the program. The Center respectfully requests that the Committee issue a favorable report on HB 864.

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<sup>3</sup> See, e.g., <https://www.iea.org/reports/the-future-of-heat-pumps/executive-summary>; Office of People's Counsel's Comments on EmPOWER Goals for the 2024-2026 Program Cycle, Case No. 9648, Maillog No. 301064 (January 27, 2023)

<sup>4</sup> Climate Solutions Now Act, 2022 Md Laws Ch. 38 Section 10(a)

<sup>5</sup> [2023 Annual Report of the Maryland Commission on Climate Change, at p. 15](#)

<sup>6</sup> Notably, this is a fact that the utilities are aware of in their modeling – see, e.g. [BG&E's Integrated Decarbonization strategy](#)